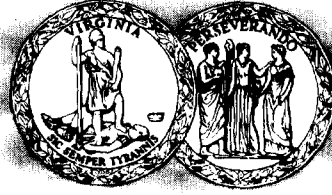


COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION
DIVISION OF COMMUNICATIONS

July 12, 1996

DOCKET FILE COPY ORIGINAL
WILLIAM IRBY, P.E., MANAGER
RATES & COSTS
ALAN R. WICKMAN, MANAGER
OPERATIONS
TELEPHONE: (804) 371-9206
RECEIVED
JUL 15 1996
FCC MAIL ROOM

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

RE: Billed Party Preference for
InterLATA Calls
CC Docket No. 92-77

Dear Sir:

Enclosed please find comments of the Virginia State Corporation
Commission Staff in the above referenced case.

Very truly yours,

A handwritten signature in cursive script, appearing to read "E. C. Addison".

Edward C. Addison
Director

ECA:js
Enclosure

029

DOCKET FILE COPY ORIGINAL

RECEIVED

JUL 15 1996
FCC MAIL ROOM

Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of

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Billed Party Preference for
InterLATA Calls

)

)

CC Docket No. 92-77

COMMENTS OF THE

VIRGINIA STATE CORPORATION COMMISSION STAFF

Virginia State Corporation Commission
Division of Communications
1300 East Main Street
P. O. Box 1197
Richmond, Virginia 23218

July 12, 1996

Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

RECEIVED
JUL 15 1996
FCC MAIL ROOM

In the Matter of)
)
Billed Party Preference for)
InterLATA Calls)

CC Docket No. 92-77

COMMENTS OF THE
VIRGINIA STATE CORPORATION COMMISSION STAFF

Introduction

The Virginia State Corporation Commission ("VSCC") Staff, Division of Communications, respectfully submits these comments in response to the FCC's Second Further Notice Of Proposed Rulemaking ("NPRM") in this Docket, released June 6, 1996. The following comments of the VSCC Staff are relative to Local Exchange Carriers ("LEC"), Interexchange Carriers ("IXC"), Operator Service Providers ("OSP"), and Private Payphone Owners ("PPO"), but not Inmate Telephone Service in correctional institutions since the VSCC does not regulate inmate service providers.

General Comment

The FCC, in this NPRM, presents information, data, and arguments supporting the conclusion that it should adopt modified combinations of proposed alternatives to Billed Party Preference ("BPP"). The NPRM Conclusion states, with regard to interstate 0+ calls, that:

...[the FCC] should: (1) establish benchmarks for OSPs' rates and associated charges that reflect consumers' expectations; and (2) require OSPs whose charges and related aggregator surcharges or premises-owner fees exceed such benchmarks to disclose orally to consumers, before connecting a call, the total charges for which consumers would be liable.

The VSCC Staff agrees with and supports the above-stated conclusion.

Implementation of such rules would provide a workable and more cost effective system of consumer protection on interstate 0+ calls than BPP, given the current state of technology. Specific comments on each of the two conclusions follow.

Benchmark Rates

The NPRM presents a position of the Industry Coalition urging that the benchmarks be simple so as to minimize the monitoring burden on LECs and the FCC. The VSCC Staff agrees with this position. The NPRM presents one solution for developing benchmark rates which depends on the weighted average rates of AT&T, MCI, and Sprint, increased by a margin of fifteen percent (15.0%). While arithmetically simple, this approach requires the creation and maintenance of a large amount of detail, as represented by the tables accompanying the NPRM.

While the VSCC Staff recognizes that the NPRM deals with interstate 0+ calls, we did a sample analysis of the NPRM-suggested formula using the Virginia intrastate tariffs of AT&T, MCI, and Sprint. Using four different call conditions, we increased the rate of the largest dominant carrier (AT&T) by 15%. This resulted in an average increase above AT&T's rate of \$.50. Next, we increased the weighted average rates of AT&T, MCI, and Sprint by 15% resulting in an average increase of \$.39. The average difference

between the rate derived utilizing only the AT&T schedule versus the weighted average of AT&T, MCI, and Sprint is only \$.11, the equivalent of about a minute, more or less, of conversation time. (See Attachment for data discussed in this analysis.)

Therefore, in keeping with the Industry Coalition's suggestion of simplicity, the VSCC Staff proposes that benchmark rates be established utilizing the AT&T dominant carrier tariff rate schedule, plus a flat increase (as opposed to a percentage increase) of, say, \$.50 per call. If more precision were desired, a variation of this approach could be to establish a standard average benchmark increase by very long mileage bands or by class of call (station to station and person to person). Such an approach would be simple to administer and would, in our opinion, meet the FCC objective of reflecting consumers' expectations.

Oral Disclosure Of Charges Exceeding Benchmark Rates

The NPRM presents a range of options and suggestions concerning the consequences of exceeding benchmark rates. One view presented is that expressed by the Colorado PUC Staff, and ultimately, by the FCC in its Conclusion. Specifically, OSPs whose charges and related aggregator surcharges or premises-owner fees exceed benchmark rates should be required to disclose orally to consumers, before connecting a call, the total charges for which consumers would be liable. The Colorado PUC Staff further states that it is "convinced that most, if not all, [OSPs] have the capability of accessing a data base that provides specific rates for the specific call in question. . . . Any proclamation by the industry that such disclosure would require extensive cost outlays should be thoroughly scrutinized."

The VSCC Staff agrees with the opinion stated by the Colorado PUC Staff and supports the conclusion on this subject expressed by the FCC in the NPRM.

Conclusion

In our comments submitted to the FCC in response to the NPRM on CC Docket No. 96-128, we stated that the VSCC will make every effort to be as helpful as possible to the FCC in successfully implementing the Telecommunications Act of 1996. The VSCC re-affirms that commitment in concluding our remarks on CC Docket No 92-77.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "E. C. Addison".

Edward C. Addison, Director
Division of Communications
Virginia State Corporation Commission

Attachment

**ATTACHMENT SUPPORTING VIRGINIA'S SUGGESTION
REGARDING BENCHMARK RATES**

Type of Call	<u>Benchmark Rates</u>		<u>Increase of Benchmark Rate Above Tariff-Specified AT&T Rate</u>	
	AT&T Rate Only Plus 15% Increase	Weighted Average of AT&T, MCI, Sprint Plus 15% Increase	Increase Using AT&T Rate plus 15%	Increase Using Weighted Average Plus 15%
Station to Station, Customer Dialed, LEC Calling Card, 5 Minutes, 180 Miles, Business Day	\$3.27	\$3.09	\$.42	\$.24
Station to Station, Customer Dialed, LEC Calling Card, 7 Minutes, 150 Miles, Evening	\$3.48	\$3.48	\$.45	\$.45
Station to Station, Customer Dialed, Collect, 4 Minutes, 50 Miles, Evening	\$3.50	\$3.41	\$.45	\$.36
Station to Station, Customer Dialed, Billed to 3rd Party 10 Minutes, 100 Miles, Night	\$5.11	\$4.95	\$.66	\$.50
		Average Increase Difference	\$.50	\$.39 \$.11